

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of South Carolina & Gas Company for  
Increases and Adjustments in Electric Rate  
Schedules and Tariffs and Request for Mid-Period  
Reduction in Base Rates for Fuel

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
COVER SHEET

DOCKET

NUMBER: 2012 - 218 - E

(Please type or print)

Submitted by: Stephanie U. Roberts

SC Bar Number: 80073

Address: 110 Oakwood Drive, Suite 500

Telephone: 336.725.4710

Winston-Salem, NC 27103

Fax: 336.725.4476

Other: \_\_\_\_\_

Email: sroberts@spilmanlaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input checked="" type="checkbox"/> Other: Letter, COS and
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	Testimony
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



SPILMAN THOMAS & BATTLE, PLLC  
ATTORNEYS AT LAW

Stephanie U. Roberts  
Direct Dial (336) 631-1062  
sroberts@spilmanlaw.com

October 26, 2012

*Via SCPSC E-FILING DMS*

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, SC 29210

**Re: Application of South Carolina & Gas Company for Increases and  
Adjustments in Electric Rate Schedules and Tariffs and Request for Mid-  
Period Reduction in Base Rates for Fuel  
Docket No. 2012-218-E**

Dear Ms. Boyd:

Please find attached for electronic filing with the South Carolina Public Utility Commission ("Commission") a copy of the SCPSC Docket Coversheet and the Direct Testimony and Exhibits of Steve W. Chriss on behalf of Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart") in the above-referenced matter. All parties have been served a copy of this document in accordance with the attached Certificate of Service.

Please contact us if you have any questions concerning this filing.

Sincerely,

SPILMAN THOMAS & BATTLE, PLLC

By 

Stephanie U. Roberts  
(SC Bar No. 80073)

Derrick Price Williamson  
Spilman Thomas & Battle, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
[dwilliamson@spilmanlaw.com](mailto:dwilliamson@spilmanlaw.com)

Counsel to Wal-Mart Stores East, LP and Sam's  
East, Inc.

SUR/lhi  
Enclosures

STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION  
DOCKET NO. 2012-218-E

In the Matter of:	)	
	)	
South Carolina Electric & Gas Company -	)	
Application for Increases and Adjustments in	)	<b>CERTIFICATE OF SERVICE</b>
Electric Rate Schedules and Tariffs and Request	)	
for Mid-Period Reduction in Base Rates for Fuel	)	

I hereby certify that I have this day served one (1) copy of Wal-Mart Stores East, LP and Sam's East, Inc.'s *Direct Testimony and Exhibits of Steve W. Chriss* upon the following parties to this proceeding via Electronic Mail and First Class Mail:

Ellen M. Evans, Esq.  
Navy Litigation Office  
720 Kennon Street  
Building 36, Room 233  
Washington Navy Yard, DC 20374-5013  
[ellen.evans@navy.mil](mailto:ellen.evans@navy.mil)  
*Counsel for Department of the Navy*

Belton T. Zeigler, Esq.  
Pope Zeigler, LLC  
P.O. Box 11509  
Columbia, SC 29211  
[bzeigler@popezeigler.com](mailto:bzeigler@popezeigler.com)  
*Counsel for South Carolina Electric & Gas Company*

Jeffrey Nelson, Esq.  
Nanette S. Edwards, Esq.  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29201  
[jnelson@regstaff.sc.gov](mailto:jnelson@regstaff.sc.gov)  
[nsedwar@regstaff.sc.gov](mailto:nsedwar@regstaff.sc.gov)  
*Counsel for Office of Regulatory Staff*

Scott Elliott, Esq.  
Elliott & Elliott  
1508 Lady Street  
Columbia, SC 29201  
[selliott@elliottlaw.us](mailto:selliott@elliottlaw.us)  
*Counsel for South Carolina Energy Users Committee*

H. Mark Hamlet, Esq.  
Hamlet and Associates, PLLC  
2601 Irongate Drive, Suite 101  
Wilmington, NC 28412  
[mhamlet@hamletandassociates.com](mailto:mhamlet@hamletandassociates.com)  
*Counsel for Time Warner Cable, Incorporated*

Frank Knapp, Jr.  
1717 Gervais Street  
Columbia, SC 29201  
[fknappp@knappagency.com](mailto:fknappp@knappagency.com)

K. Chad Burgess, Esq.  
SCANA Corp.  
220 Operation Way MC C222  
Cayce, SC 29033  
[chad.burgess@scana.com](mailto:chad.burgess@scana.com)  
*Counsel for South Carolina Electric & Gas Company*

Mitchell M. Willoughby, Esq.  
Willoughby & Hoefer, PA  
P.O. Box 8416  
Columbia, SC 29202-8416  
[mwilloughby@willoughbyhoefer.com](mailto:mwilloughby@willoughbyhoefer.com)  
*Counsel for South Carolina Electric &  
Gas Company*

Stephen Suggs, Esq.  
Susan B. Berkowitz, Esq.  
SC Appleseed Legal Justice Center  
1518 Washington Street  
Columbia, SC 29201  
[ssuggs@scjustice.org](mailto:ssuggs@scjustice.org)  
[sberk@scjustice.org](mailto:sberk@scjustice.org)  
*Counsel for AARP*

A handwritten signature in black ink, appearing to read "Step U. Roberts", with a long horizontal stroke extending to the right.

---

Stephanie U. Roberts (SC Bar No. 80073)

Dated: October 26, 2012



In the Matter of: )  
 )  
South Carolina Electric & Gas Company - )  
Application for Increases and Adjustments in )  
Electric Rate Schedules and Tariffs and Request )  
for Mid-Period Reduction in Base Rates for Fuel )

**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

Dated: October 26, 2012

1       **Q.     PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

2       A.     My name is Steve W. Chriss. My business address is 2001 SE 10th St.,  
3             Bentonville, AR 72716-0550. I am Senior Manager, Energy Regulatory Analysis,  
4             for Wal-Mart Stores, Inc.

5       **Q.     ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

6       A.     I am testifying on behalf of Wal-Mart Stores East, LP and Sam's East, Inc.  
7             ("Walmart").

8       **Q.     PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

9       A.     In 2001, I completed a Master of Science in Agricultural Economics at Louisiana  
10            State University. From 2001 to 2003, I was an Analyst and later a Senior Analyst  
11            at the Houston office of Econ One Research, Inc., a Los Angeles-based consulting  
12            firm. My duties included research and analysis on domestic and international  
13            energy and regulatory issues. From 2003 to 2007, I was an Economist and later a  
14            Senior Utility Analyst at the Public Utility Commission of Oregon in Salem,  
15            Oregon. My duties included appearing as a witness for PUC Staff in electric,  
16            natural gas, and telecommunications dockets. I joined the energy department at  
17            Walmart in July 2007 as Manager, State Rate Proceedings, and was promoted to  
18            my current position in June 2011. My Witness Qualifications Statement is found  
19            on Exhibit \_\_\_\_\_ SWC-1.

1       **Q.     HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PUBLIC SERVICE**  
2       **COMMISSION OF SOUTH CAROLINA ("THE COMMISSION")?**

3       A.     Yes. I submitted testimony in Docket Nos. 2008-251-E, 2009-489-E, and 2011-  
4       271-E.

5       **Q.     HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER STATE**  
6       **REGULATORY COMMISSIONS?**

7       A.     Yes. I have submitted testimony in over 65 proceedings before 31 other utility  
8       regulatory commissions and before the Missouri House Committee on Utilities  
9       and the Missouri Senate Veterans' Affairs, Emerging Issues, Pensions, and Urban  
10      Affairs Committee. My testimony has addressed topics including cost of service  
11      and rate design, ratemaking policy, qualifying facility rates, telecommunications  
12      deregulation, resource certification, energy efficiency/demand side  
13      management, fuel cost adjustment mechanisms, decoupling, and the collection  
14      of cash earnings on construction work in progress.

15      **Q.     HAVE YOU PREPARED EXHIBITS?**

16      A.     Yes. I have prepared Exhibit\_\_\_\_SWC-1, consisting of eight pages,  
17      Exhibit\_\_\_\_SWC-2, consisting of one page, and Exhibit\_\_\_\_SWC-3, consisting of  
18      one page.

19      **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20      A.     The purpose of my testimony is to address issues related to revenue  
21      requirement and revenue allocation, responding specifically to the testimony of

1 South Carolina Electric & Gas Company ("SCE&G" or "the Company") witnesses  
2 Stephen A. Byrne, John R. Hendrix, and Robert B. Hevert.

3 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN SOUTH CAROLINA.**

4 A. Walmart operates 86 retail stores and two distribution centers and employs  
5 27,352 associates in South Carolina. In fiscal year ending 2012, Walmart  
6 purchased \$1.2 billion worth of goods and services from South Carolina-based  
7 suppliers, supporting 42,158 supplier jobs.<sup>1</sup> Walmart has approximately 29  
8 facilities serviced by SCE&G that primarily take service from SCE&G pursuant to  
9 Rate Schedules 21A and 24.

10 **Q. WHY IS WALMART AS A CUSTOMER CONCERNED ABOUT SCE&G'S PROPOSED**  
11 **RATE INCREASE?**

12 A. Electricity represents a significant portion of a retailer's operating costs. When  
13 rates increase, that increase in cost to retailers puts pressure on consumer prices  
14 and on the other expenses required by a business to operate, which impacts a  
15 retailer's employees and customers, who are also SCE&G's residential and small  
16 business customers. Given current economic conditions, a rate increase is a  
17 serious concern for Walmart and its customers, and the Commission should  
18 consider these impacts thoroughly and carefully in ensuring that any increase in  
19 SCE&G's rates is only the minimum amount necessary to provide adequate and  
20 reliable service at the lowest possible cost.

---

<sup>1</sup> <http://corporate.walmart.com/our-story/locations/united-states#/united-states/south-carolina>

1       **Q.     WHAT ARE YOUR RECOMMENDATIONS TO THE COMMISSION?**

2       A.     My recommendations to the Commission are:

- 3           1) In setting the Return on Equity ("ROE") for SCE&G, the Commission should  
4           consider the impact of the proposed rate increase on customers, the Company's  
5           exposure to regulatory lag, and the returns on equity approved by other  
6           commissions in 2012.
- 7           2) Walmart does not oppose the Company's proposed revenue allocation at their  
8           proposed revenue requirement.

9

10          The fact that an issue is not addressed should not be construed as an  
11          endorsement of any filed position, and I reserve the right to respond to positions  
12          taken by other parties in their Direct Testimony.

13

14       ***Revenue Requirement***

15       **Q.     WHAT BASE RATE REVENUE REQUIREMENT INCREASE HAS THE COMPANY**  
16       **PROPOSED IN ITS FILING?**

17       A.     The Company has proposed a total base rate revenue requirement increase of  
18       \$151 million. Of the \$151 million, approximately \$58 million is related to  
19       proposed increases in operating expenses, primarily total income taxes, and  
20       approximately \$93 million is related to the Company's operating return. See  
21       Application Exhibit C-2, page 2.

1       **Q.     DOES THE SCE&G'S APPLICATION INCLUDE CHANGES TO THE COMPANY'S FUEL**  
2       **FACTOR?**

3       A.     Yes. The Company has proposed a mid-period adjustment in the fuel factor to  
4       take effect simultaneously with the proposed base rate increases. See Direct  
5       Testimony of Stephen A. Byrne, page 22, line 4 to line 6.

6       **Q.     SHOULD THE COMMISSION TREAT THE PROPOSED BASE RATE INCREASE**  
7       **DIFFERENTLY BECAUSE OF THE FUEL FACTOR ADJUSTMENT PROPOSAL?**

8       A.     No. It is undisputed that reductions in fuel cost are a benefit to customers;  
9       however, the proposed base rate increase is a permanent rate increase that will  
10      be in place regardless of the Company's present or future fuel costs. As such,  
11      the base rate increase should be considered by the Commission on its own  
12      merits and not in conjunction with the proposed fuel factor adjustment.

13      **Q.     WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CURRENT LEVEL OF**  
14      **OPERATING INCOME?**

15      A.     My understanding is that the Company's current level of operating return is  
16      approximately \$323 million. See Application Exhibit C-2, page 2.

17      **Q.     WHAT PERCENT INCREASE IN OPERATING INCOME IS THE COMPANY**  
18      **REQUESTING?**

19      A.     The Company is requesting a 28.8 percent increase in its operating return. See  
20      id.

1       **Q.     WHAT IS THE COMPANY'S PROPOSED ROE IN THIS DOCKET?**

2       A.     The Company is proposing a ROE of 10.95 percent. See Direct Testimony of  
3       Robert B. Hevert, page 65, line 7.

4       **Q.     ARE YOU CONCERNED THAT THE PROPOSED INCREASE IN OPERATING INCOME**  
5       **IS EXCESSIVE?**

6       A.     Yes, I am concerned that the Company's proposed operating return increase of  
7       28.8 percent is excessive, especially given the current economic conditions faced  
8       by the utility's customers as well as when viewed in light of the Company's use of  
9       mechanisms outside of base rates for revenue collection that reduce the  
10      Company's exposure to regulatory lag, such as the fuel cost adjustment rate,  
11      rider recovery of demand side management costs, and the revenue recovery  
12      provisions of the Base Load Recovery Act. Additionally, I am concerned that the  
13      Company's proposed ROE is significantly higher than the ROEs approved by other  
14      utility regulatory commissions so far in 2012.

15      **Q.     WHAT IS YOUR UNDERSTANDING OF THE RETURNS ON EQUITY APPROVED BY**  
16      **COMMISSIONS NATIONWIDE IN 2012 THUS FAR?**

17      A.     According to data from SNL, the average of the 28 reported electric utility rate  
18      case ROEs authorized by commissions to shareholder-owned electric utilities in  
19      2012 is 9.97 percent. The range of reported authorized ROEs for 2012 is 9.25  
20      percent to 10.5 percent, and the median authorized ROE is 10 percent. See  
21      Exhibit\_\_\_\_SWC-2. These values are significantly below the Company's



1 proposed ROE of 10.95 percent and even 10.75 percent, the low end of the  
2 Company's proposed range. See Direct Testimony of Robert B. Hevert, page 65,  
3 line 3.

4 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?**

5 A. In setting the ROE for SCE&G, the Commission should consider the impact of the  
6 proposed rate increase on customers, the Company's exposure to regulatory lag,  
7 and the returns on equity approved by other commissions in 2012.

8 **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT WERE THE COMMISSION TO**  
9 **APPROVE A ROE FOR SCE&G EQUIVALENT TO 10 PERCENT, THE MEDIAN**  
10 **AUTHORIZED ROE NATIONWIDE SO FAR IN 2012?**

11 A. Authorizing the Company the median authorized ROE of 10 percent, versus the  
12 Company's proposal of 10.95 percent, would result in a reduction in the  
13 Company's proposed revenue requirement, inclusive of taxes, of \$38.6 million.  
14 See Exhibit\_\_\_\_SWC-3.

15  
16 ***Revenue Allocation***

17 **Q. WHAT IS SCE&G'S STATED OBJECTIVE FOR THEIR REVENUE ALLOCATION**  
18 **PROPOSAL?**

19 A. The Company's stated objective is that they are "adhering to a long-standing  
20 regulatory policy that rates should produce rates of return among classes that

1 bear a reasonable relationship to the overall rate of return." See Direct  
2 Testimony of John R. Hendrix, page 14, line 6 to line 8.

3 **Q. HOW HAS THE COMPANY PROPOSED TO ALLOCATE ITS PROPOSED REVENUE**  
4 **REQUIREMENT INCREASE?**

5 A. The Company proposes to allocate the proposed revenue requirement increase  
6 such that all customer classes with the exception of small general service will  
7 produce rates of return within plus or minus 10 percent of the overall rate of  
8 return. Id. at line 5 to line 6; see also Exhibit JRH-3.

9 **Q. DOES WALMART OPPOSE THE COMPANY'S PROPOSED REVENUE ALLOCATION**  
10 **AT THEIR PROPOSED REVENUE REQUIREMENT?**

11 A. No. Walmart does not oppose the Company's proposed revenue allocation at  
12 their proposed revenue requirement, but would recommend that such allocation  
13 be scaled back proportionately to any revenue requirement increase ultimately  
14 approved by the Commission.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.

In the Matter of: )  
 )  
South Carolina Electric & Gas Company - )  
Application for Increases and Adjustments in )  
Electric Rate Schedules and Tariffs and Request )  
for Mid-Period Reduction in Base Rates for Fuel )

ON BEHALF OF

Dated: October 26, 2012

## Steve W. Chriss

Senior Manager, Energy Regulatory Analysis

Wal-Mart Stores, Inc.

Business Address: 2001 SE 10<sup>th</sup> Street, Bentonville, AR, 72716-0550

Business Phone: (479) 204-1594

---

### EXPERIENCE

July 2007 ~ Present

Wal-Mart Stores, Inc., Bentonville, AR

Senior Manager, Energy Regulatory Analysis (June 2011 ~ Present)

Manager, State Rate Proceedings (July 2007 ~ June 2011)

June 2003 ~ July 2007

Public Utility Commission of Oregon, Salem, OR

Senior Utility Analyst (February 2006 ~ July 2007)

Economist (June 2003 ~ February 2006)

January 2003 - May 2003

North Harris College, Houston, TX

Adjunct Instructor, Microeconomics

June 2001 - March 2003

Econ One Research, Inc., Houston, TX

Senior Analyst (October 2002 ~ March 2003)

Analyst (June 2001 ~ October 2002)

### EDUCATION

2001 Louisiana State University

M.S., Agricultural Economics

1997-1998 University of Florida

Graduate Coursework, Agricultural Education  
and Communication

1997 Texas A&M University

B.S., Agricultural Development  
B.S., Horticulture

### TESTIMONY BEFORE REGULATORY COMMISSIONS

2012

Kansas Corporation Commission Docket No. 12-KCPE-764-RTS: In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in its Charges for Electric Service.

Kansas Corporation Commission Docket No. 12-GIMX-337-GIV: In the Matter of a General Investigation of Energy-Efficiency Policies for Utility Sponsored Energy Efficiency Programs.

Florida Public Service Commission Docket No. 120015-EI: In Re: Petition for Rate Increase by Florida Power & Light Company.

California Public Utilities Commission Docket No. A.11-10-002: Application of San Diego Gas & Electric Company (U 902 E) for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design.

Utah Public Service Commission Docket No. 11-035-200: In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.

Virginia State Corporation Commission Case No. PUE-2012-00051: Application of Appalachian Power Company to Revise its Fuel Factor Pursuant to § 56-249.6 of the Code of Virginia.

Public Utilities Commission of Ohio Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM: In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form on an Electric Security Plan and In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.

New Jersey Board of Public Utilities Docket No. ER11080469: In the Matter of the Petition of Atlantic City Electric for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and For Other Appropriate Relief.

Public Utility Commission of Texas Docket No. 39896: Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs.

Missouri Public Service Commission Case No. EO-2012-0009: In the Matter of KCP&L Greater Missouri Operations Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism.

Colorado Public Utilities Commission Docket No. 11AL-947E: In the Matter of Advice Letter No. 1597-Electric Filed by Public Service Company of Colorado to Revise its Colorado PUC No. 7-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Changes Effective December 23, 2011.

Illinois Commerce Commission Docket No. 11-0721: Commonwealth Edison Company Tariffs and Charges Submitted Pursuant to Section 16-108.5 of the Public Utilities Act.

Public Utility Commission of Texas Docket No. 38951: Application of Entergy Texas, Inc. for Approval of Competitive Generation Service tariff (Issues Severed from Docket No. 37744).

California Public Utilities Commission Docket No. A.11-06-007: Southern California Edison's General Rate Case, Phase 2.

#### **2011**

Arizona Corporation Commission Docket No. E-01345A-11-0224: In the Matter of Arizona Public Service Company for a Hearing to Determine the Fair Value of Utility Property of the Company for Ratemaking Purposes, to Fix and Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

Oklahoma Corporation Commission Cause No. PUD 201100087: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

South Carolina Public Service Commission Docket No. 2011-271-E: Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase its Electric Rates and Charges.

Pennsylvania Public Utility Commission Docket No. P-2011-2256365: Petition of PPL Electric Utilities Corporation for Approval to Implement Reconciliation Rider for Default Supply Service.

North Carolina Utilities Commission Docket No. E-7, Sub 989: In the Matter of Application of Duke Energy Carolinas, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina.

Florida Public Service Commission Docket No. 110138: In Re: Petition for Increase in Rates by Gulf Power Company.

Public Utilities Commission of Nevada Docket No. 11-06006: In the Matter of the Application of Nevada Power Company, filed pursuant to NRS 704.110(3) for authority to increase its annual revenue requirement for general rates charged to all classes of customers to recover the costs of constructing the Harry Allen Combined Cycle plant and other generating, transmission, and distribution plant additions, to reflect changes in the cost of capital, depreciation rates and cost of service, and for relief properly related thereto.

North Carolina Utilities Commission Docket Nos. E-2, Sub 998 and E-7, Sub 986: In the Matter of the Application of Duke Energy Corporation and Progress Energy, Inc., to Engage in a Business Combination Transaction and to Address Regulatory Conditions and Codes of Conduct.

Public Utilities Commission of Ohio Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM: In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan and In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.

Virginia State Corporation Commission Case No. PUE-2011-00037: In the Matter of Appalachian Power Company for a 2011 Biennial Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Illinois Commerce Commission Docket No. 11-0279 and 11-0282 (cons.): Ameren Illinois Company Proposed General Increase in Electric Delivery Service and Ameren Illinois Company Proposed General Increase in Gas Delivery Service.

Virginia State Corporation Commission Case No. PUE-2011-00045: Application of Virginia Electric and Power Company to Revise its Fuel Factor Pursuant to § 56-249.6 of the Code of Virginia.

Utah Public Service Commission Docket No. 10-035-124: In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations.

Maryland Public Utilities Commission Case No. 9249: In the Matter of the Application of Delmarva Power & Light for an Increase in its Retail Rates for the Distribution of Electric Energy.

Minnesota Public Utilities Commission Docket No. E002/GR-10-971: In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota.

Michigan Public Service Commission Case No. U-16472: In the Matter of the Detroit Edison Company for Authority to Increase its Rates, Amend its Rate Schedules and Rules Governing the Distribution and Supply of Electric Energy, and for Miscellaneous Accounting Authority.

2010

Public Utilities Commission of Ohio Docket No. 10-2586-EL-SSO: In the Matter of the Application of Duke Energy Ohio for Approval of a Market Rate Offer to Conduct a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications, and Tariffs for Generation Service.

Colorado Public Utilities Commission Docket No. 10A-554EG: In the Matter of the Application of Public Service Company of Colorado for Approval of a Number of Strategic Issues Relating to its DSM Plan, Including Long-Term Electric Energy Savings Goals, and Incentives.

Public Service Commission of West Virginia Case No. 10-0699-E-42T: Appalachian Power Company and Wheeling Power Company Rule 42T Application to Increase Electric Rates.

Oklahoma Corporation Commission Cause No. PUD 201000050: Application of Public Service Company of Oklahoma, an Oklahoma Corporation, for an Adjustment in its Rates and Charges and Terms and Conditions of Service for Electric Service in the State of Oklahoma.

Georgia Public Service Commission Docket No. 31958-U: In Re: Georgia Power Company's 2010 Rate Case.

Washington Utilities and Transportation Commission Docket No. 100749: 2010 Pacific Power & Light Company General Rate Case.

Colorado Public Utilities Commission Docket No. 10M-254E: In the Matter of Commission Consideration of Black Hills Energy's Plan in Compliance with House Bill 10-1365, "Clean Air-Clean Jobs Act."

Colorado Public Utilities Commission Docket No. 10M-245E: In the Matter of Commission Consideration of Public Service Company of Colorado Plan in Compliance with House Bill 10-1365, "Clean Air-Clean Jobs Act."

Public Service Commission of Utah Docket No. 09-035-15 *Phase II*: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Utility Commission of Oregon Docket No. UE 217: In the Matter of PACIFICORP, dba PACIFIC POWER Request for a General Rate Revision.

Mississippi Public Service Commission Docket No. 2010-AD-57: In Re: Proposal of the Mississippi Public Service Commission to Possibly Amend Certain Rules of Practice and Procedure.

Indiana Utility Regulatory Commission Cause No. 43374: Verified Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission to Approve an Alternative Regulatory Plan Pursuant to Ind. Code § 8-1-2.5-1, *ET SEQ.*, for the Offering of Energy Efficiency Conservation, Demand Response, and Demand-Side Management Programs and Associated Rate Treatment Including Incentives Pursuant to a Revised Standard Contract Rider No. 66 in Accordance with Ind. Code §§ 8-1-2.5-1 *ET SEQ.* and 8-1-2-42 (a); Authority to Defer Program Costs Associated with its Energy Efficiency Portfolio of Programs; Authority to Implement New and Enhanced Energy Efficiency Programs, Including the Powershare® Program in Its Energy Efficiency Portfolio of Programs; and Approval of a Modification of the Fuel Adjustment Clause Earnings and Expense Tests.

Public Utility Commission of Texas Docket No. 37744: Application of Entergy Texas, Inc. for Authority to Change Rates and to Reconcile Fuel Costs.



South Carolina Public Service Commission Docket No. 2009-489-E: Application of South Carolina Electric & Gas Company for Adjustments and Increases in Electric Rate Schedules and Tariffs.

Kentucky Public Service Commission Case No. 2009-00459: In the Matter of General Adjustments in Electric Rates of Kentucky Power Company.

Virginia State Corporation Commission Case No. PUE-2009-00125: For acquisition of natural gas facilities Pursuant to § 56-265.4:5 B of the Virginia Code.

Arkansas Public Service Commission Docket No. 10-010-U: In the Matter of a Notice of Inquiry Into Energy Efficiency.

Connecticut Department of Public Utility Control Docket No. 09-12-05: Application of the Connecticut Light and Power Company to Amend its Rate Schedules.

Arkansas Public Service Commission Docket No. 09-084-U: In the Matter of the Application of Entergy Arkansas, Inc. For Approval of Changes in Rates for Retail Electric Service.

Missouri Public Service Commission Docket No. ER-2010-0036: In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

Public Service Commission of Delaware Docket No. 09-414: In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Charges.

#### 2009

Virginia State Corporation Commission Case No. PUE-2009-00030: In the Matter of Appalachian Power Company for a Statutory Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Public Service Commission of Utah Docket No. 09-035-15 *Phase I*: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Service Commission of Utah Docket No. 09-035-23: In the Matter of the Application of Rocky Mountain Power for Authority To Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations.

Colorado Public Utilities Commission Docket No. 09A1-299E: Re: The Tariff Sheets Filed by Public Service Company of Colorado with Advice Letter No. 1535 – Electric.

Arkansas Public Service Commission Docket No. 09-008-U: In the Matter of the Application of Southwestern Electric Power Company for Approval of a General Change in Rates and Tariffs.

Oklahoma Corporation Commission Docket No. PUD 200800398: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

Public Utilities Commission of Nevada Docket No. 08-12002: In the Matter of the Application by Nevada Power Company d/b/a NV Energy, filed pursuant to NRS §704.110(3) and NRS §704.110(4) for authority to increase its annual revenue requirement for general rates charged to all classes of customers, begin to recover the costs of acquiring the Bighorn Power Plant, constructing the Clark Peakers, Environmental

Retrofits and other generating, transmission and distribution plant additions, to reflect changes in cost of service and for relief properly related thereto.

New Mexico Public Regulation Commission Case No. 08-00024-UT: In the Matter of a Rulemaking to Revise NMPRC Rule 17.7.2 NMAC to Implement the Efficient Use of Energy Act.

Indiana Utility Regulatory Commission Cause No. 43580: Investigation by the Indiana Utility Regulatory Commission, of Smart Grid Investments and Smart Grid Information Issues Contained in 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. § 2621(d)), as Amended by the Energy Independence and Security Act of 2007.

Louisiana Public Service Commission Docket No. U-30192 *Phase II (February 2009)*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

South Carolina Public Service Commission Docket No. 2008-251-E: In the Matter of Progress Energy Carolinas, Inc.'s Application For the Establishment of Procedures to Encourage Investment in Energy Efficient Technologies; Energy Conservation Programs; And Incentives and Cost Recovery for Such Programs.

#### 2008

Colorado Public Utilities Commission Docket No. 08A-366EG: In the Matter of the Application of Public Service Company of Colorado for approval of its electric and natural gas demand-side management (DSM) plan for calendar years 2009 and 2010 and to change its electric and gas DSM cost adjustment rates effective January 1, 2009, and for related waivers and authorizations.

Public Service Commission of Utah Docket No. 07-035-93: In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge.

Indiana Utility Regulatory Commission Cause No. 43374: Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission Approve an Alternative Regulatory Plan for the Offering of Energy Efficiency, Conservation, Demand Response, and Demand-Side Management.

Public Utilities Commission of Nevada Docket No. 07-12001: In the Matter of the Application of Sierra Pacific Power Company for authority to increase its general rates charged to all classes of electric customers to reflect an increase in annual revenue requirement and for relief properly related thereto.

Louisiana Public Service Commission Docket No. U-30192 *Phase II*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Colorado Public Utilities Commission Docket No. 07A-420E: In the Matter of the Application of Public Service Company of Colorado For Authority to Implement and Enhanced Demand Side Management Cost Adjustment Mechanism to Include Current Cost Recovery and Incentives.

**2007**

Louisiana Public Service Commission Docket No. U-30192: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Public Utility Commission of Oregon Docket No. UG 173: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Staff Request to Open an Investigation into the Earnings of Cascade Natural Gas.

**2006**

Public Utility Commission of Oregon Docket No. UE 180/UE 181/UE 184: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision.

Public Utility Commission of Oregon Docket No. UE 179: In the Matter of PACIFICORP, dba PACIFIC POWER AND LIGHT COMPANY Request for a general rate increase in the company's Oregon annual revenues.

Public Utility Commission of Oregon Docket No. UM 1129 *Phase II*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

**2005**

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I Compliance*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

Public Utility Commission of Oregon Docket No. UX 29: In the Matter of QWEST CORPORATION Petition to Exempt from Regulation Qwest's Switched Business Services.

**2004**

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

**TESTIMONY BEFORE LEGISLATIVE BODIES**

**2012**

Regarding Missouri House Bill 1488: Testimony Before the Missouri House Committee on Utilities, February 7, 2011.

**2011**

Regarding Missouri Senate Bills 50, 321, 359, and 406: Testimony Before the Missouri Senate Veterans' Affairs, Emerging Issues, Pensions, and Urban Affairs Committee, March 9, 2011.

**AFFIDAVITS**

**2011**

Colorado Public Utilities Commission Docket No. 11M-951E: In the Matter of the Petition of Public Service Company of Colorado Pursuant to C.R.S. § 40-6-111(1)(d) for Interim Rate Relief Effective on or before January 21, 2012.

**ENERGY INDUSTRY PUBLICATIONS AND PRESENTATIONS**

Panelist, Customer Panel, Virginia State Bar 29<sup>th</sup> National Regulatory Conference, Williamsburg, Virginia, May 19, 2011.

Chriss, S. (2006). "Regulatory Incentives and Natural Gas Purchasing – Lessons from the Oregon Natural Gas Procurement Study." Presented at the 19<sup>th</sup> Annual Western Conference, Center for Research in

Regulated Industries Advanced Workshop in Regulation and Competition, Monterey, California, June 29, 2006.

Chriss, S. (2005). "Public Utility Commission of Oregon Natural Gas Procurement Study." Public Utility Commission of Oregon, Salem, OR. Report published in June, 2005. Presented to the Public Utility Commission of Oregon at a special public meeting on August 1, 2005.

Chriss, S. and M. Radler (2003). "Report from Houston: Conference on Energy Deregulation and Restructuring." USAEE Dialogue, Vol. 11, No. 1, March, 2003.

Chriss, S., M. Dwyer, and B. Pulliam (2002). "Impacts of Lifting the Ban on ANS Exports on West Coast Crude Oil Prices: A Reconsideration of the Evidence." Presented at the 22nd USAEE/IAEE North American Conference, Vancouver, BC, Canada, October 6-8, 2002.

Contributed to chapter on power marketing: "Power System Operations and Electricity Markets," Fred I. Denny and David E. Dismukes, authors. Published by CRC Press, June 2002.

Contributed to "Moving to the Front Lines: The Economic Impact of the Independent Power Plant Development in Louisiana," David E. Dismukes, author. Published by the Louisiana State University Center for Energy Studies, October 2001.

Dismukes, D.E., D.V. Mesyanzhinov, E.A. Downer, S. Chriss, and J.M. Burke (2001). "Alaska Natural Gas In-State Demand Study." Anchorage: Alaska Department of Natural Resources.

**2012 Reported Authorized Returns on Equity, Electric Utility Rate Cases**

<b>State</b>	<b>Docket</b>	<b>Utility</b>	<b>Authorized ROE</b>	<b>Decision Date</b>
AZ	E-01345A-11-0224	Arizona Public Service Co.	10.00%	5/15/2012
CO	11AL-947E	Public Service Company of Colorado	10.00%	4/26/2012
DC	1087	Potomac Edison Power Co.	9.50%	9/26/2012
FL	110138	Gulf Power Co.	10.25%	2/27/2012
HI	2009-0164	Hawaii Electric Light Co.	10.00%	4/4/2012
HI	2009-0080	Hawaiian Electric Co.	10.00%	6/29/2012
HI	2009-0163	MauI Electric Company Ltd	10.00%	5/2/2012
IL	12-0001	Ameren Illinois	10.05%	9/19/2012
IL	11-0721	Commonwealth Edison Co.	10.05%	5/29/2012
MD	9285	Delmarva Power & Light Co.	9.81%	7/20/2012
MD	9286	Potomac Edison Power Co.	9.31%	7/20/2012
MI	16794	Consumers Energy Co.	10.30%	6/7/2012
MI	16801	Indiana-Michigan Power Co.	10.20%	2/15/2012
MI	16830	Wisconsin Electric Power Co.	10.10%	6/26/2012
MN	10-971	Northern States Power Co.	10.37%	3/29/2012
NC	E-7 Sub 989	Duke Energy Carolinas LLC	10.50%	1/27/2012
ND	PU-10-657	Northern States Power Co.	10.40%	2/29/2012
NY	11-E-0408	Orange & Rockland Utilities Inc.	9.40%	6/14/2012
OK	PUD 201100087	Oklahoma Gas and Electric Co.	10.20%	7/9/2012
OR	UE 233	Idaho Power Co.	9.90%	2/23/2012
SC	2011-271-E	Duke Energy Carolinas LLC	10.50%	1/25/2012
SD	EL11-019	Northern States Power Co.	9.25%	6/19/2012
TX	39896	Entergy Texas Inc.	9.80%	9/13/2012
UT	11-035-200	Rocky Mountain Power	9.80%	9/19/2012
WA	UE-111048	Puget Sound Energy Inc.	9.80%	5/7/2012
WI	6680-UR-118	Wisconsin Power and Light Co.	10.40%	6/15/2012
WY	20003-114-ER-11	Cheyenne Light Fuel Power Co.	9.60%	6/18/2012
WY	20000-405-ER-11	Rocky Mountain Power	9.80%	7/16/2012
<b>Average</b>			<b>9.97%</b>	
<b>Median</b>			<b>10.00%</b>	
<b>Minimum</b>			<b>9.25%</b>	
<b>Maximum</b>			<b>10.50%</b>	

Source: SNI, October 17, 2012

### Calculation of Adjustment to Revenue Requirement, 10 Percent Return on Equity

Long-Term Debt	\$	3,415,425,000	47.82%	5.97%	2.86%
Preferred Stock	\$	-	0.00%	0.00%	0.00%
Common Equity	\$	3,726,171,908	52.18%	10.00%	5.22%
<b>Total</b>	<b>\$</b>	<b>7,141,596,908</b>			<b>8.07%</b>
			Rate Base	\$	4,869,135
			Return at ROR of 8.07%	\$	393,070
			Current Operating Return	\$	323,540
			Incremental Operating Return at ROE of 10.00%	\$	69,530
			Company Proposed Incremental Operating Return	\$	93,258
			Difference	\$	(23,728)
			Composite Tax Factor		0.6147
			Revenue Requirement Impact	\$	(38,602)

Source: Application Exhibit C-2, page 2